

No. 3726

**NORWAY
and
SWEDEN**

**Agreement for the avoidance of double taxation with
respect to taxes on income and property. Signed at
Stockholm, on 27 September 1956**

Official texts: Norwegian and Swedish.

Registered by Norway on 6 March 1957.

**NORVÈGE
et
SUÈDE**

**Convention tendant à éviter les doubles impositions en
matière d'impôts sur le revenu et sur la fortune.
Signée à Stockholm, le 27 septembre 1956**

Textes officiels norvégien et suédois.

Enregistrée par la Norvège le 6 mars 1957.

[TRANSLATION — TRADUCTION]

No. 3726. AGREEMENT¹ BETWEEN THE KINGDOM OF NORWAY AND THE KINGDOM OF SWEDEN FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND PROPERTY. SIGNED AT STOCKHOLM, ON 27 SEPTEMBER 1956

The Kingdom of Norway and the Kingdom of Sweden have decided to conclude an agreement for the avoidance of double taxation with respect to taxes on income and property.

They have for that purpose appointed as their plenipotentiaries :

His Majesty the King of Norway :

Mr. Jens Schive, His Ambassador Extraordinary and Plenipotentiary at Stockholm,

His Majesty the King of Sweden :

His Excellency Mr. Östen Undén, His Minister of Foreign Affairs ;

who, having examined each other's full powers, found in good and due form, have agreed upon the following provisions :

Article 1

1. This Agreement shall apply to individuals domiciled in the Kingdom of Sweden or in the Kingdom of Norway, and to Swedish and Norwegian bodies corporate.

2. This Agreement shall not apply to Spitzbergen or Jan Mayen nor to the Norwegian dependencies outside Europe.

Article 2

1. This Agreement shall apply to taxes on income and property, whether levied on behalf of the State or of a commune.

The following shall be regarded as taxes on income and property :

A. Under Swedish law :

- (1) The State income tax (*den statliga inkomstskatten*) ;
- (2) The coupon tax (*kupongskatten*) ;

¹ Came into force on 30 January 1957, by the exchange of the instruments of ratification at Oslo, in accordance with article 25.

- (3) The special seamen's tax (*den särskilda sjömannsskatten*) ;
- (4) Taxes on special advantages and privileges (*bevillningsavgifterna för särskilda förmåner och rättigheter*) ;
- (5) The tax on distributed profits (*utskiftningskatten*) ;
- (6) The tax on undistributed profits (*ersättningsskatten*) ;
- (7) The State property tax (*den statliga förmögenhetsskatten*) ; and
- (8) The communal income tax (*den kommunala inkomstskatten*).

B. Under Norwegian law :

- (1) State tax on income and property ;
- (2) Communal tax on income and property, including surtax on higher incomes ;
- (3) Property tax (*eiendomsskatt*) ;
- (4) Old-age pension tax and war pension tax (*alderstrygd- og krigspensjoneringsavgift*) ; and
- (5) seamen's tax (*sjömannsskatt*).

C. Under both Swedish and Norwegian law :

Taxes levied according to the same principles as any of the taxes specified above in sub-paragraphs A and B.

2. For the purposes of this Agreement, taxes on income and property shall not include such taxes as special taxes on winnings from lotteries and botting, death duties and taxes on gifts.

3. For the purposes of this Agreement, the term "commune" includes communes of both the higher and the lower categories.

Article 3

1. Unless otherwise provided in this Agreement, income and property shall be taxable only in the State in which the taxpayer is deemed to be domiciled.

2. For the purposes of this Agreement, an individual shall be deemed to be domiciled in one of the States if he has his actual dwelling and home there, or permanently resides there. If as a result of the application of this provision he is regarded as being domiciled in both States, he shall, for the purposes of this Agreement, be deemed to be domiciled in that State with which he has the stronger personal and economic ties. If the question where a person shall be deemed to be domiciled cannot be determined in accordance with the foregoing provision, he shall be deemed to be domiciled in the State of which he is a national ;

if he is a national of both States or is not a national of either State, the competent authorities of both States shall come to an agreement on each particular case.

3. If a taxpayer removes from one State for the purpose of taking up residence in the other, his tax liability in the first State shall, in so far as it is determined by his place of residence, cease from the date on which the removal is completed.

4. For the purposes of this Agreement, a body corporate shall be deemed to be domiciled in the State of which it is a national.

A body corporate shall be deemed to have Swedish nationality if it is registered in Sweden, and Norwegian nationality if it is registered in Norway. A body corporate which is not registered shall be deemed to have the nationality of the State in which its management or head administration has its seat.

A holding company shall be deemed to have the nationality of the State in whose territory its actual management is exercised.

5. The undivided estate of a deceased person shall be deemed to be domiciled in that State in which, in accordance with paragraph 2 of this article, the deceased is deemed to have been domiciled at the time of his death.

Article 4

1. Income derived from immovable property situated in one of the two States shall be taxable only in that State.

2. Income from immovable property shall be deemed to include income derived from the direct administration and use of immovable property; income from letting, leasing or any other form of using such property; and profit derived from the alienation of immovable property. Immovable property shall include appurtenances thereto, the latter term, in the case of agriculture and forestry, comprising livestock, equipment and other property.

For the purposes of this Agreement, income from immovable property shall also be deemed to include income from timber-felling on one's own or another person's land and income derived by a logger through the conveyance of the felled timber to the national frontier or to a port of export, through the sale of the timber in the State in which the immovable property is situated, or through the processing of the timber in that State elsewhere than at a permanent establishment.

Article 5

1. Unless otherwise provided in this Agreement, income derived from a business or profession and attributable to a permanent establishment in one of the States shall be taxable only in that State. If there are permanent establish-

ments in both States, each State shall tax that portion of the income which is derived from a permanent establishment in its territory.

2. Income derived from a business shall be deemed to include income derived from the direct conduct of a business ; income derived from placing the conduct of a business in the hands of others ; and profit from the alienation of a business or part thereof, or of objects used in the business.

Income derived from a business shall also be deemed to include income derived from participation in an undertaking other than income from shares or similar securities. The expression "similar securities" means, as regards the law in force in Sweden, share certificates of Swedish economic associations and, as regards the law in force in Norway, share certificates of Norwegian companies and other associations with divided or otherwise limited liability, with the exception of ordinary Norwegian limited partnerships.

3. Income derived from a profession shall specifically include income derived from the independent exercise of a scientific, artistic, pedagogic or educational activity or of the profession of physician, lawyer, architect or engineer.

Article 6

1. The term "permanent establishment" means any place where special plant of a permanent character has been installed or special arrangements of a permanent character have been made for the purpose of carrying on a business or profession, such as a place where an undertaking has its management, office, branch, factory, workshop or the like, sales premises, warehouse (including a permanent warehouse for goods on consignment) or a mine or subject to exploitation.

2. The term "permanent establishment" shall be deemed to include a building site on which work has proceeded or is expected to proceed for a period exceeding twelve months.

3. A permanent establishment shall also be deemed to exist if an undertaking domiciled in one State has a representative (agent) in the other State permanently working in that State for the account of the undertaking and empowered to conclude transactions on its behalf.

Nevertheless, a permanent establishment shall not be deemed to exist merely because an undertaking domiciled in one State has a subsidiary company in the other State or maintains business relations there solely through a completely independent representative or a representative (agent) who although permanently working for the account of the undertaking merely negotiates business as an intermediary without being empowered to conclude transactions on behalf of the undertaking.

Article 7

Where an undertaking of one State carries on business in the other State through a permanent establishment situated there, the following principles shall be applied in apportioning the right to impose tax. The permanent establishment shall be deemed to have derived from the business such income as it might be expected to earn if it were a completely independent undertaking dealing at arm's length with the undertaking of which it is a permanent establishment. If the permanent establishment keeps separate accounts, the income shall, if possible, be determined by reference to those accounts, in which event the accounts shall, if necessary, be adjusted for the purposes of the tax assessment so as to show the income referred to above. If it appears that the income cannot be determined by reference to the accounts, it shall be fixed at an equitable percentage of the turnover of the permanent establishment, and in such event the percentage shall, unless special circumstances otherwise require, be fixed by reference to corresponding particulars of similar undertakings in the same State. Where necessary, the competent authorities shall in individual cases come to a special agreement concerning the apportionment of the right to impose tax.

The authorities shall keep one another informed of the income for which in the aforementioned cases a permanent establishment is assessed in either State and shall jointly seek to determine the proper apportionment of the right to impose tax.

Article 8

1. Income derived from the operation of a sea or air navigation undertaking having its centre of actual management in one of the States shall be taxable only in that State.

2. In the case of air navigation carried on by a syndicate having members in both States, the income derived therefrom shall, if the syndicate is not a body corporate, be taxable only in respect of the members and in such a manner that each State taxes only the share accruing to members in that State.

Article 9

1. Royalties paid in respect of the use of immovable property or in respect of the operation of mines or deposits shall be taxable only in the State in which the immovable property, mine or deposit is situated.

2. Royalties, except as referred to in paragraph 1, shall be taxable in the State in which the recipient of the income is deemed to be domiciled, provided that the right to tax any such royalty shall be reserved to the State in which

the royalty originates if the recipient of the royalty exerts such influence on the management of the undertaking that he may reasonably be assumed to participate directly in the business.

For the purposes of this paragraph, the term "royalty" means any kind of royalty (or other periodic amount) paid as consideration for the privilege of using or for the exclusive use of any copyright, patent, design, secret process or formula, trade mark or other like property.

Article 10

1. Dividends shall be taxable only in the State in which the recipient of the dividends is deemed to be domiciled.

2. Dividends paid by a joint-stock company in Norway to a joint-stock company in Sweden shall be exempt from taxation in Sweden to such extent as would have been the case under Swedish law if both companies had been domiciled in Sweden.

3. Dividends paid by a joint-stock company in Sweden to a joint-stock company in Norway shall be exempt in Norway from the State tax on income to such extent as would have been the case under Norwegian law if both companies had been domiciled in Norway.

4. The foregoing provisions of this article as they relate to a joint-stock company in Sweden and to the payment of dividends by such a company shall similarly apply to an economic association in Sweden and to the payment of dividends by such an association.

The foregoing provisions of this article as they relate to a joint-stock company in Norway and to the payment of dividends by such a company shall similarly apply to other types of companies and associations with dividend or otherwise limited liability (with the exception of ordinary Norwegian limited partnerships) and to the payment of dividends by such a company or association.

Article 11

1. Except as otherwise provided in this article, income from personal services (but excluding pensions and annuities and income from a profession) and income derived from permanent duties shall be taxable only in the State in which the taxpayer performs the services from which the income is derived.

2. A person domiciled in one State and employed there who for reasons connected with his employment is temporarily present in the territory of the other State shall not be deemed to have been employed in the latter State if he receives his remuneration exclusively from his employer domiciled in the former

State and is present in the latter State for one or more periods during the income year which in the aggregate do not exceed 183 days.

3. Income from services performed wholly or mainly on board a Swedish or Norwegian vessel or aircraft shall be taxable only in the State in which the recipient of the income is deemed to be domiciled.

4. Where a joint-stock company is deemed to be domiciled in one State but members of its board of directors, committee of representatives, supervisory committee or the like are domiciled in the other State, compensation paid by the company to such members acting in the aforementioned capacity shall be taxable only in the latter State.

5. A student attending a university or college in one State who is employed in the other State for not more than 100 days in a single calendar year in order to acquire practical training required for his studies shall be subject to tax on the income from such employment only in the State in which he is deemed to be domiciled.

Article 12

Notwithstanding any other provision of this Agreement, stage, motion picture, radio and television artists, musicians, athletes and other persons professionally engaged in any kind of public entertainment shall be subject to tax on income from such professional activity only in the State in which the activity is carried on.

Article 13

A student or an industrial or business apprentice who is present in one of the States solely for purposes of education or training shall be exempt in that State from tax on amounts received by him from abroad for the purposes of his maintenance, education or training.

Article 14

Immovable property or appurtenances thereto—which, in the case of agriculture and forestry, shall include livestock, equipment and other property—shall be taxable only in the State in which the property is situated.

Property connected with a business or profession shall be taxable only in the State which is entitled under the provisions of this Agreement to tax the income from such property.

Article 15

Where income or property belonging to the undivided estate of a deceased person is, under this Agreement, taxed in one State, it may not be taxed in the hands of a participant in the estate in the other State.

Article 16

Each State shall be entitled, in accordance with its domestic legislation, to recompute the apportionment of income and property in cases where :

(a) An undertaking in one of the States participates directly or indirectly in the management, control or capital of an undertaking in the other State ; or

(b) The same persons participate directly or indirectly in the management, control or capital of an undertaking in one of the States and an undertaking in the other State.

When a question of this kind arises in one of the States, the competent authorities of the other State shall be so informed in order that any necessary adjustment may be made in the computation of the income and property of the undertaking situated there. The competent authorities shall, if there is a reason for doing so, come to an equitable settlement with regard to the computation of the income or property.

Article 17

1. Nationals of one of the States shall not be subjected in the other State to any taxation which is other, higher or more burdensome than the taxation to which the nationals of the latter State are or may be subjected there.

2. Bodies corporate which are deemed to be domiciled in one of the States shall not be subjected in the other State to any taxation which is other, higher or more burdensome than the taxation to which bodies corporate deemed to be domiciled in the latter State are or may be subjected there.

Article 18

The State in which a taxpayer is deemed to be domiciled may, in calculating the tax, apply the rate of tax that would have been applicable if the income or property which under this Agreement is taxable only in the other State had also been taxable in the State of domicile.

Article 19

This Agreement shall not affect the right of diplomatic and consular officers to such additional exemptions as have been or may hereafter be granted in virtue of the general rules of international law.

Where, owing to such additional exemptions, income or property is not taxed in the receiving State, the right of taxation shall be reserved to the sending State.

Article 20

If a taxpayer can show proof that the action of the tax authorities of the contracting States has resulted or will result in his being subjected to double

taxation, he may lodge a claim with the State in which he is deemed to be domiciled. If the claim is considered to be valid, the competent authority of that State may come to an agreement with the competent authority of the other State with a view to avoiding double taxation.

Article 21

Difficulties or doubts arising in connexion with the interpretation or application of this Agreement may be dealt with by special agreements between the competent authorities of the two contracting States.

Article 22

The Contracting States undertake to leave it to their competent authorities to arrive at an equitable settlement of any other question concerning direct taxes which may arise owing to differences in the principles governing taxation in either State or otherwise and for which no specific provision is made in this Agreement

Article 23

The term "competent authorities" as used in this Agreement means the Ministries of Finance of both contracting States or that authority in each State which has been commissioned to deal with questions under this Agreement on behalf of the Ministry of Finance.

Article 24

This Agreement shall in no way modify the Agreement of 14 June 1937 concerning the basis for the division of the revenues of the Luossavaara-Kiirunavaara joint-stock company for the purposes of taxation.¹

Article 25

This Agreement shall be ratified, in the case of Sweden, by His Majesty the King of Sweden, with the consent of the Riksdag, and, in the case of Norway, by His Majesty the King of Norway. The instruments of ratification shall be exchanged at Oslo as soon as possible.

The Agreement shall enter into force upon the exchange of the instruments of ratification.

Article 26

When the instruments of ratification have been exchanged, the Agreement shall apply :

¹ League of Nations, *Treaty Series*, Vol. CLXXIX, p. 245.

(a) In Sweden :

In respect of such taxes on income or property as are levied on the basis of the assessment for the year 1958 or any subsequent year ;

In respect of coupon tax on dividends falling due for payment on or after 1 January 1957 ;

(b) In Norway :

In respect of such taxes on income or property as are levied on the basis of the assessment for the year 1958 or any subsequent year.

On the entry into force of this Agreement, the Agreement of 21 June 1947¹ between the Kingdom of Sweden and the Kingdom of Norway for the avoidance of double taxation with respect to taxes on income and property shall cease to apply but shall continue to be applicable with respect to tax which, in the case of Sweden, is based on the assessment for the year 1957 or the reassessment for the year 1957 or a previous year, or, in the case of Norway, is based on the assessment for the year 1957 or the reassessment for the income year 1956 or a previous year.

Article 27

The Agreement shall remain in force so long as no notice of termination is given by either contracting State. Such notice must be given not less than six months before the expiry of the calendar year. If such notice is given, the Agreement shall apply for the last time :

(a) In Sweden :

In respect of such taxes on income or property as are levied on the basis of the assessment for the year next following that in which the notice of termination is given ;

In respect of coupon tax on dividends falling due for payment in the year in which the notice of termination is given ;

(b) In Norway :

In respect of such taxes on income or property as are levied on the basis of the assessment for the year next following that in which the notice of termination is given.

IN WITNESS WHEREOF the plenipotentiaries of the two States have signed the Agreement and have thereto affixed their seals.

DONE at Stockholm, on 27 September 1956, in duplicate, in the Norwegian and Swedish languages, both texts being equally authentic.

(Signed) Jens SCHIVE
(Signed) Östen UNDÉN

¹ United Nations, *Treaty Series*, Vol. 94, p. 107.